

Service Date: July 11, 1995

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of MONTANA	)	UTILITY DIVISION
POWER COMPANY's Decoupling	)	
Compliance Filing for the Period May	)	DOCKET NO. 95.6.27
1994 through April 1995.	)	ORDER NO. 5858

**LIMITED PROCEDURAL ORDER**

Introduction

1. The Montana Public Service Commission (Commission) has delegated to Commission staff the authority to set procedural schedules and issue Procedural Orders that have the full force and effect of a Commission order. Staff establishes the following procedural order and schedule in the above-captioned Docket.

Background

2. On June 5, 1995 Montana Power Company (MPC) submitted to the Commission a Decoupling Compliance Filing for the period May 1994 through April 1995, stating that the Filing was submitted pursuant to the Decoupling Stipulation (Stipulation) approved in Docket No. 93.6.24, Order No. 5709d.

3. MPC stated that the decoupling calculations performed according to the Stipulation resulted in a positive adjustment of \$468,313. To this calculation, MPC made two adjustments: (1) a negative adjustment of \$858,832 for the temporary shut down of Golden Sunlight, an industrial customer, during the period; and (2) a positive adjustment of \$2,893,779 for the economic growth

which was stronger than was forecast for kWh sales for the first decoupling period. MPC's Decoupling calculation resulted in a positive fixed cost revenue adjustment of \$2,252,934. MPC based its adjustments on (2)(j) of the Stipulation which stated as follows:

j. It is the intent of the Stipulating Parties that the Decoupling Mechanism is meant only to recover lost revenues within its scope. Extraordinary fixed lost revenue fluctuations, to the extent they can be determined to be unrelated to demand-side management activities (e.g., large industrial customer load variations), shall be noted and described, but excluded from the annual Decoupling fixed cost revenue adjustment filing(s). As necessary, the determination of extraordinary load variations will be based on an analysis of multi-year customer load data and averages, and/or an investigation of the specific customer action(s).

4. Montana Consumer Counsel (MCC) submitted comments to the decoupling compliance filing on June 13, 1995, concluding that the methodology used in MPC's filing is not in compliance with the Stipulation or the Order approving the Stipulation. On June 15, 1995 the Large Customer Group (LCG) filed an Objection to MPC's Decoupling Compliance Filing, also stating that the filing does not comply with Order No. 5709d or the Decoupling Stipulation approved by the Commission. LCG requested that the Commission reject MPC's present filing and direct MPC to make a new filing in compliance with the Stipulation and Order.

5. On June 16, 1995 MPC filed a Motion to Establish Procedural Schedule which would allow parties time to respond to the compliance filing and an opportunity for MPC to reply. MPC expressed concern that it have the right to make the final argument in support of its filing and proposed the following procedural schedule:

June 30 -- Last day for Intervenors to Comment/Respond

July 14 -- Last day for MPC to Reply

August 11 -- Commission Decision

6. District XI Human Resource Council, Natural Resources Defense Council and Montana Environmental Information Center filed joint comments on June 30, 1995, requesting that the Commission (1) reject MPC's proposed decoupling adjustment in its compliance filing, (2) order the decoupling adjustment for the first two years of the experiment to be set at zero, and (3) order the parties to present a more appropriate decoupling index for implementation as soon as possible, but by no later than March 1, 1996.

7. On July 7, 1995 the Montana Department of Environmental Quality (DEQ), successor to the Montana Department of Natural Resources and Conservation in matters pertaining to energy, filed comments. The Department recommended that the decoupling experiment be set aside for the first year, and that the experiment resume when a more satisfactory index is developed by the parties.

Procedural Schedule

8. Staff issues the following procedural schedule, recognizing that (1) the interested parties have commented on MPC's decoupling proposal but have not had an opportunity to respond to each other's comments; and (2) MPC desires to reply to the comments in the form of a "final argument."

- a. July 21, 1995: Date for responsive comments to other intervening parties.
- b. August 4, 1995: Date for Montana Power Company's final reply to and argument on all comments.
- c. August 21, 1995: Week for presentation to Commission for decision.

Conclusion

9. MPC correctly points out that there are no procedural guidelines for compliance filings. Administrative process allows some leeway until a matter becomes a contested case proceeding. MPC and parties have presented some options on the proposed compliance filing; MPC and others may wish to expand upon or clarify those options. The Commission could on its own evaluate a filing to determine compliance, until a matter becomes a contested case proceeding. However, given the history and response to MPC's proposed decoupling mechanism and request for a procedural order, the Staff exercises its authority to establish the procedural schedule and requirements in this Procedural Order. Until further motion or modification, the provisions of the Order are binding on parties.

10. Parties shall file with the Commission an original and ten copies of comments, responses and arguments. Service upon the parties shall be upon each party's attorney of record, if applicable, and such other individuals as may be reasonably designated by the attorney of record.

BY THE MONTANA PUBLIC SERVICE COMMISSION

NANCY MCCAFFREE, Chair  
DAVE FISHER, Vice Chair  
BOB ANDERSON, Commissioner  
DANNY OBERG, Commissioner  
BOB ROWE, Commissioner